

Message Text

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ACTION EUR-08

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CINCUSAFE

JCS WASHDC IMMEDIATE

CSA IMMEDIATE

CSAF IMMEDIATE

CNO IMMEDIATE

C O N F I D E N T I A L MADRID 4592

LIMDIS

FROM MCCLOSKEY

E.O. 11652: GDS

TAGS: MASS, US, SP

SUBJ: BASE NEGOTIATIONS: THE SPANISH QUID LIST

REF : MADRID 4593 AND 4591

1. SUMMARY: SPANISH MILITARY PRESENTED US WITH MILITARY QUID LIST AT MEETING OF MILITARY DELEGATIONS ON JUNE 30. THEY WANT ONE BILLION DOLLARS WORTH OF CREDITS AND ONE BILLION IN OTHER FORMS OF ASSISTANCE FOR THEIR MILITARY MODERNIZATION PROGRAM. WE MADE CLEAR THAT ASSISTANCE OF THIS MAGNITUDE IS NOT AVAILABLE BUT PROMISED TO STUDY AND REPORT BACK AT NEXT ROUND. WE MUST MAKE A MAJOR EFFORT TO EXPLORE ALL POSSIBILITIES FOR ASSISTANCE SO WE CAN BE AS FORTHCOMING AS POSSIBLE IN OUR RESPONSE DURING NEXT ROUND, BEGINNING JULY 21.

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2. AT MEETING OF MILITARY DELEGATIONS ON 30 JUNE, GIVEN OVER TO QUID DISCUSSION, SPANISH SIDE PRODUCED "INDICATIVE LISTING OF MATERIEL NEEDS," TRANSMITTED IN NEXT FOLLOWING CABLE.

3. GUTIERREZ MELLADO DESCRIBED LIST AS "VERY GENERAL" BUT REPRESENTED IT ALSO AS "MINIMUM" SPANISH REQUEST. POINT, HE SAID, IS THAT IN ABSENCE OF ANY FORM OF SECURITY GUARANTEE, SPAIN MUST LOOK TO ASSISTANCE WITH MAJOR DEFENSE MODERNIZATION TO SAFEGUARD ITS SECURITY.

4. LIST, WHICH HE DESCRIBED AS AN "INDICATIONS LIST" BUT WHICH OTHERS HAVE INFORMALLY SAID IS LIST OF REAL NEEDS, WAS ACTUALLY 3 UNCOORDINATED SERVICE LISTS. VALUE, HE SAID, WAS APPROXIMATELY ONE BILLION DOLLARS, AND SPAIN DESIRES THIS ASSISTANCE IN FORM OTHER THAN TYPE OF CREDITS THUS FAR DISCUSSED. HE SUGGESTED MAKE-UP TO INCLUDE GRANT AID FOR TRAINING (AT ABOUT CURRENT LEVELS), GRANT AID FOR EQUIPMENT, LEASE/LEND OF EQUIPMENT (E.G., SHIPS, AIRCRAFT, HAWK), SERVICE-TO-SERVICE ARRANGEMENTS, (LIKE AC & W), AND ANY OTHER CATEGORIES POSSIBLE.

5. AS FOR CREDITS, HE DESCRIBED \$500 MILLION OFFER BY US AS TOO LITTLE AND INTEREST RATE TOO HIGH. HE PROPOSED ONE BILLION DOLLARS IN CREDITS OVER LIFE OF NEW AGREEMENT (I.E., FIVE YEARS), AND HE REQUESTED US CONSIDERATION OF REDUCING INTEREST RATE. HIS SUGGESTED TOTAL OF TWO BILLION (HALF IN OTHER FORMS) WAS "HIGH," HE ACKNOWLEDGED, "BUT NOT IN RELATION TO OVERALL EFFORT SPAIN IS MAKING" IN PROVIDING FACILITIES AND IN MODERNIZING ITS FORCES.

6. UNDER QUESTIONING, SPANISH SIDE AGREED ITEMS ON LISTS PROVIDED COULD ALSO BE CONSIDERED FOR PROCUREMENT ON CREDITS.

7. US SIDE CHARACTERIZED SPANISH DEMANDS AS VERY DIFFICULT AND CITED NEW LEGISLATION ON FOREIGN ASSISTANCE AS MAJOR LIMITING FACTOR ON US ABILITY TO COME UP WITH QUID PACKAGE OF DIMENSIONS PROPOSED BY SPANISH. US SIDE ALSO EMPHASIZED NEED TO CONSIDER "WHOLE PACKAGE," I.E., TERMS, FACILITIES, QUID, ETC., AND NOTED SENATE CANNOT BE EXPECTED TO RATIFY AGREE-
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MENT WHICH CONTAINS SUBSTANTIAL REDUCTION IN US FACILITIES WHICH HAVE BOTH POLITICAL AND MILITARY VALUE.

8. SPANISH AGREED WHOLE AGREEMENT SHOULD BE CONSIDERED, SUGGESTED US RESPOND TO QUID PACKAGE REQUEST AT NEXT ROUND, AND PROPOSED ALSO THAT US SHOULD STATE ITS MINIMUM FACILITIES REQUIREMENTS AT THE SAME TIME (IN SUBSEQUENT STEERING COMMITTEE MEETING, WE INDICATED WE HAD ALREADY

SUGGESTED AREAS IN LAST ROUND WHERE WE COULD CONSIDER CHANGES).

9. ACTION REQUESTED. SPANISH DELEGATION IS COMING TO WASHINGTON FOR EIGHTH ROUND OF NEGOTIATIONS BEGINNING MONDAY, JULY 21. AT THAT TIME, I WISH TO BE ABLE TO MAKE US QUID COUNTER OFFER ADDRESSING SPANISH DESIDERATA, BUT WITHIN MY PRESENT NEGOTIATING AUTHORITY. IN ORDER TO PERMIT NECESSARY COORDINATION PRIOR THERETO, I NEED TO HAVE DOD POSITION BY COB WEDNESDAY, JULY 16. ALTHOUGH US AIR FORCE AND NAVY INTERESTS IN SPAIN ARE CLEAR, WE SHOULD KEEP IN MIND THE POLITICAL IMPORTANCE OF US ASSISTANCE TO THE SPANISH ARMY, WHICH IS THE DOMINANT SERVICE IN SPAIN.

10. IN PRESENTING THEIR "INDICATIVE" LISTS, SPANISH EMPHASIZED THAT THEY ARE INTENDED AS A COMPREHENSIVE STATEMENT OF THEIR EQUIPMENT REQUIREMENTS FROM US SOURCES. WE SHOULD THEREFORE TAKE ADVANTAGE OF ALL POSSIBILITIES UNDER US LEGISLATION, E.G., GUARANTEED FMS CREDIT, GRANT MATERIEL AND TRAINING ASSISTANCE (MAP): LOANS/LEASES OF SHIPS AND AIRCRAFT; PROVISION OF EXCESS DEFENSE ARTICLES; SALES AND/OR GRANT OF AIRCRAFT RECOVERED FROM SE ASIA (EVEN THOUGH NOT ON SPANISH LISTS); JOINT-FUNDED PROJECTS SIMILAR TO COMBAT GRANDE (AC & W SYSTEM); SERVICE-FUNDED PROGRAMS (E.G., POSSIBLE OFFER TO COMPUTERIZE PRESENT MANUAL SPANISH AIR FORCE SUPPLY ACCOUNTING SYSTEM); CO-PRODUCTION (E.G., ORDINARY AND PRECISION-GUIDED MUNITIONS, M-60 TANKS, OR AT LEAST M-60 TURRETS); TECHNICAL DATA PACKAGES; SHIP REPAIR CONTRACTS IN SPANISH YARDS; OVERHAUL OF US AIRCRAFT; WAIVER OF NON-RECURRING COSTS; PREFERENTIAL TREATMENT IN TERMS OF REDUCING LEAD TIMES; ETC.

11. I RECOGNIZE THAT THERE ARE COMPETING DEMANDS, OUR OWN AS WELL AS THE QUID REQUIREMENTS FOR OTHER BASE NEGOTIATIONS.
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BUT UNLESS WE ARE PREPARED TO MAKE A MIXIMUM EFFORT ON THE MILITARY QUID SIDE, WE RISK LOSING IMPORTANT COMPONENTS OF OUR BASING STRUCTURE IN SPAIN.
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